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C O N F I D E N T I A L KATHMANDU 003324

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SUBJECT: NEPAL: PEACE PROCESS MOVES FORWARD IN FITS AND
STARTS

Classified By: Charge d'Affaires Nicholas J. Dean. Reasons 1.4 (b/d)

Summary

¶1. (C) PM Koirala's foreign policy advisor told Charge December 28 that the Government of Nepal would not promulgate the interim constitution until UN arms management had begun in earnest. Chalise noted that Koirala had charged Maoist Supremo Prachanda with undermining the planned June 2007 Constituent Assembly elections by continuing Maoist extortion. The Prime Minister had ordered Nepali Congress cadre to the countryside and was pushing for the reestablishment of Village Development Committees and police posts to fill the security vacuum. He admitted that the PM was beginning to realize the elections might have to be postponed. Nepali Congress-Democratic (NC-D) President Deuba expressed frustration December 27 to Charge that the PM's ill health seemed to be prompting the PM to give the Maoists too much in spite of their continuing abuses. He said he would speak out, but could not afford to become isolated. On December 28, senior NC, NC-D and Communist Party of Nepal - United Marxist Leninist (UML) leaders voiced concern to Charge about the GON's failure to establish law and order and seemed resigned that the Maoists would retain the political initiative. Meanwhile, the first UN arms monitors began arriving in Kathmandu.

No New Constitution Until Arms Management In Earnest

¶2. (C) Dr. Suresh Chalise, PM Koirala's foreign policy advisor, told Charge December 28 that the GON would not promulgate the interim constitution until UN arms management had begun in earnest, at the earliest after the arrival of the first, full complement of UN arms monitors, expected January 9. Chalise said that the GON would adhere strictly to this timetable and insist that UN monitors and monitoring equipment be up and running before pronouncing that arms management had commenced and promulgating the interim constitution as agreed with the Maoists on December 16. He insisted that the GON would not permit Maoist entry into the government until UN arms management (separation of the People's Liberation Army combatants from their weapons and registration of combatants) had concluded, which could be as

late as March 2007.

PM Koirala Talks Tough With Prachanda

13. (C) Chalise said that PM Koirala had stood up to Maoist Supremo Prachanda in a recent meeting, insisting that Prachanda order Maoist extortion and mayhem to stop, or risk slippage of Constituent Assembly elections beyond the planned June 2007 timeframe. The PM's advisor said that Prachanda's response had been demure, including the Maoist leader insinuating that he did not have complete control over Maoist cadre, and that the December 19 nationwide strike had erupted out of cadre enthusiasm. Chalise noted that the PM -- who is also head of the Nepali Congress -- had ordered his party cadre to deploy into the countryside to establish a presence to counter the Maoists, to be complemented by the reestablishment of police posts and the return of Village Development Committee secretaries from district capitals to their villages. The PM himself had just traveled to his home of Biratnagar for several days for that purpose.

June Election Mission Impossible?

14. (C) The PM's advisor said that Koirala was seized with the issue of law and order and eager to push a GON presence out into the countryside to fill the security vacuum and begin providing government services to the population. The PM believed that this course of action offered the best prospect of bolstering Nepali voters' confidence in the possibility of a free and fair election and beginning preparations for the elections. That said, Chalise continued, the PM was beginning to accept the possibility that elections might need to be postponed beyond June. Responding to Charge's urging

to reestablish law and order, Chalise reiterated that a crackdown of Maoist misbehavior would have to wait for the PLA to be fully in cantonment. He emphasized the delicacy of the current situation.

Former PM Pessimistic

15. (C) NC-D President and former PM Deuba complained to Charge December 27 that the Prime Minister's fears about his own mortality were causing him to move the peace process ahead too quickly. Deuba agreed with the Charge that it made little sense to rush to bring the Maoists into an interim government when they had yet to meet any of their previous commitments. The NC-D President said he had spoken out in the past and would continue to speak out about the need for law and order and for an end to Maoist abuses, but he could not afford politically to become isolated and identified as opposing the peace process. In November the governing Seven-Party Alliance (SPA) and the Maoists had agreed to promulgate the interim constitution once arms management was complete, a position he, Deuba, had supported. Subsequently, however, PM Koirala had reached a deal with Prachanda to promulgate the document once arms management was under way. If he objected, Deuba said, he could have taken the NC-D out of the government, but that would not have been wise. SPA unity was more important than ever. He had ordered his cadre to go into the countryside and was about to leave on a trip himself to southern Nepal.

SPA Leaders Also Not Optimistic

16. (C) Several senior leaders from the NC, UML, and NC-D, the three strongest parties in the SPA, voiced their worries to Charge December 28 about the GON's failure to enforce law and order in the face of continuing Maoist abuses. NC Central Committee Member Arjun Narsingh K.C. spoke of the Maoist two-track strategy of claiming to want to enter the democratic mainstream (in order to remain in the peace process and win international support) while continuing their extortion and violence. Several of the leaders commented

that the GON's failure to use its police powers forcefully and soon enough in Nepalgunj, a city on Nepal's southern Terai region on the border with India, had allowed the Maoists to win popular acclaim by using their militia to restore the peace. Nepalgunj was wracked by rioting early the week of December 25 after a small SPA party, the Nepal Sadbhavana Party, attempted to impose a general strike in the city to protest the interim constitution's alleged failure to address the concerns of Madhesis, Hindi-speaking residents of the Terai. The leaders seemed resigned that the Maoists would continue to outmaneuver the democratic parties.

Arms Monitoring Moves Forward

17. (C) Meanwhile, the first of the initial batch of 35 UN arms monitors began arriving in Kathmandu. According to press reports, six monitors -- 1 Canadian, 5 Jordanians -- reached the capital on December 28. An additional nine, including Indonesians, Uruguayans and Guatemalans, were expected the week of January 1. The GON had reportedly received 500 applications for 111 positions for ex-Gurkhas to work assisting the monitors with the process of separating Maoist combatants from their arms and guarding the weapons containers. The containers had already been delivered to some of the seven main People's Liberation Army cantonment sites, but lack of road access had prevented containers from reaching other such sites. Local press also reported that the UN, the GON and the Maoists were still in the process of finalizing the 21 satellite cantonment sites.

Comment

18. (C) PM Koirala has reason to hurry the peace process along. He is in poor health and has failed to groom a successor. We do not ascribe to suggestions here that the Maoists supported expanded powers for the Prime Minister in

the interim constitution negotiations because they expected to inherit the office when Koirala dies. Nevertheless, Prachanda, as the second-most dominant Nepali political figure, will stand to gain the most from the Prime Minister's death. We have also made very clear to the GON that it will come under tremendous pressure to stand up the interim government soon after it promulgates the interim constitution and establishes the interim parliament -- regardless of whether arms management is complete or not. As we look back on 2006, it is evident that Nepal has made huge strides in overcoming an 11-year Maoist insurgency, but many challenges remain in 2007 if free and fair elections are to be held and lasting democracy and peace are to be achieved.

DEAN